

236598

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of United Utility Companies, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2009 - 479 - WS

SO. CAROLINA  
PUBLIC SERVICE  
COMMISSION

2012 MAY -3 PM 4:32

RECEIVED

(Please type or print)

Submitted by: John M. S. Hoefer

SC Bar Number: 2459

Address: P.O. Box 8416

Telephone: 803-252-3300

Columbia, SC 29202-8416

Fax: 803-256-8062

Other:

Email: jhoefer@willoughbyhoefer.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input checked="" type="checkbox"/> Other: Settlement Testimony	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

PUBLIC  
SERVICE

**WILLOUGHBY & HOEFER, P.A.**

ATTORNEYS & COUNSELORS AT LAW

930 RICHLAND STREET

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY  
JOHN M.S. HOEFER  
RANDOLPH R. LOWELL  
TRACEY C. GREEN  
BENJAMIN P. MUSTIAN  
ELIZABETH ZECK\*  
ELIZABETHANN LOADHOLT FELDER  
CHAD N. JOHNSTON  
JOHN W. ROBERTS

AREA CODE 803  
TELEPHONE 252-3300  
TELECOPIER 256-8062

May 3, 2012

\*ALSO ADMITTED IN TX

**VIA HAND-DELIVERY**

The Honorable Jocelyn G. Boyd

Chief Clerk/Administrator

**Public Service Commission of South Carolina**

Post Office Box 11649

Columbia, South Carolina 29211

RECEIVED  
2012 MAY -3 PM 6:32  
SC PUBLIC SERVICE  
COMMISSION

RE: Application of United Utility Companies, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service. Docket No.: 2009-479-WS

Dear Ms. Boyd:

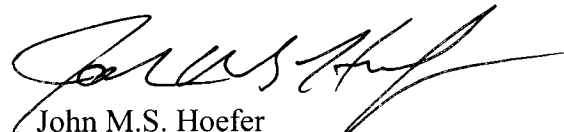
Enclosed for filing on behalf of United Utility Companies, Inc. are the original and one (1) copy of the **Settlement Testimony and Exhibits of Steven M. Lubertozzi** in the above-referenced matter. By copy of this letter, I am serving a copy of these documents upon all parties of record and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of these documents by date-stamping the extra copy enclosed and returning the same to me via person delivering same.

If you have any questions or if you need any additional information, please do not hesitate to contact me.

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**



John M.S. Hoefer

JMSH/ccm

Enclosures

cc: Nanette S. Edwards, Esquire  
Duke K. McCall, Jr., Esquire  
William H. Jordan, Esquire

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2009-479-W/S**

RECEIVED  
2012 MAY -3 PM 4:32  
SOUTH CAROLINA  
PUBLIC SERVICE  
COMMISSION

IN RE:

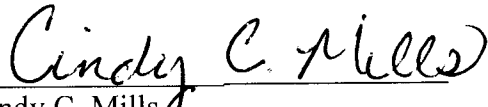
Application of United Utility Companies,  
Inc. for adjustment of rates and charges  
and modifications to certain terms  
and conditions for the provision of  
water and sewer service.

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy of the **Settlement Testimony & Exhibits of Steven M. Lubertozi** via electronic mail at the addresses below and by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Nanette S. Edwards, Esquire  
**Office of Regulatory Staff**  
1401 Main Street, Suite 900  
Columbia, South Carolina 29211  
[nsedwar@regstaff.sc.gov](mailto:nsedwar@regstaff.sc.gov)

Duke K. McCall, Jr., Esquire  
William H. Jordan, Esquire  
**Smith Moore Leatherwood, LLP**  
Post Office Box 87  
Greenville, SC 29602  
[duke.mccall@smithmoorelaw.com](mailto:duke.mccall@smithmoorelaw.com)  
[will.jordan@smithmoorelaw.com](mailto:will.jordan@smithmoorelaw.com)

  
Cindy C. Mills

Columbia, South Carolina  
This 3<sup>rd</sup> day of May, 2012.

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-479-W/S**

RECEIVED  
JAN 10 2012  
PUBLIC SERVICE  
COMMISSION  
SOUTH CAROLINA

IN RE: )  
)  
Application of United Utility Companies, )  
Inc. for adjustment of rates and charges )  
and modifications to certain terms )  
and conditions for the provision of )  
water and sewer service. )  
\_\_\_\_\_ )

**SETTLEMENT TESTIMONY  
OF  
STEVEN M. LUBERTOZZI, CPA**

**Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS  
FOR THE RECORD.**

A. My name is Steven M. LubertoZZi. I am employed as the Executive Director of  
Regulatory Accounting and Affairs at Utilities, Inc., 2335 Sanders Road, Northbrook,  
Illinois 60062.

**Q. ARE YOU THE SAME STEVEN M. LUBERTOZZI WHO PRESENTED  
REBUTTAL TESTIMONY IN THIS CASE?**

A. Yes, I am.

**Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY IN THIS  
PROCEEDING, MR. LUBERTOZZI?**

A. The purpose of my settlement testimony is three-fold. First, I will be providing an  
overview of the January 12, 2012, Settlement Agreement reached between United Utility  
Companies, Inc., or "UUC," the Office of Regulatory Staff, or "ORS," and North  
Greenville University, or "NGU," a copy of which I have attached to my testimony as

1 SML-Settlement Exhibit Number 1. Second, I will be explaining the financial  
2 information that is being submitted in support of the Settlement Agreement as required  
3 by Commission Order Number 20012-158. And, finally, I will be supporting the  
4 Settlement Agreement and seeking its approval by the Commission.

5 **Q. HOW DID THE PARTIES' SETTLEMENT COME ABOUT?**

6 A. The parties reached a settlement of issues in this matter as a result of negotiations  
7 while the matter was pending on appeal to the Supreme Court.

8 **Q. HAS THE SETTLEMENT AGREEMENT BEEN APPROVED BY THE**  
9 **SUPREME COURT?**

10 A. No, it has not. The case has been remanded by the Court for the Commission to  
11 review the parties' settlement. If the Commission decides not to approve the settlement  
12 reached by the parties, the appeal of UUC will be reinstated.

13 **Q. GENERALLY SPEAKING, WHAT ARE THE FINANCIAL TERMS OF THE**  
14 **SETTLEMENT?**

15 A. The principal term of the settlement is, of course, an agreed upon increase in  
16 UUC's annual revenues which results in rates which allow the company an opportunity to  
17 earn an additional \$150,263 on a yearly basis. As between sewer and water services, the  
18 additional annual revenue will consist of \$120,220 in sewer revenues and \$30,043 in  
19 water revenues. If approved, this will result in the increases in the monthly water and  
20 sewer charges as shown on the SML-Settlement Exhibit Number 2, attached to my  
21 testimony. An additional provision that bears generally on the settlement terms is UUC's  
22 agreement to not file an application for additional rate relief before January 1, 2013.

1   **Q.     ARE THERE FINANCIAL TERMS OF THE SETTLEMENT WHICH BEAR ON**  
2   **A SPECIFIC CUSTOMER?**

3   A.           Yes. Paragraph 3 of the Settlement Agreement relates directly to the rates which  
4   UUC will be permitted to charge NGU for the period December 1, 2011, through  
5   December 31, 2012. During that time period, UUC is committed to charging NGU the  
6   same monthly sewer rates which result from the agreed additional sewer revenue based  
7   upon 299 single family equivalents. After December 31, 2012, the number of NGU's  
8   single family equivalents may change, although the monthly rate for sewer service may  
9   not change until after June 30, 2013. Thus, NGU's monthly charge is set at \$15,997 per  
10   month until December 31, 2012. It cannot increase thereafter unless its number of single  
11   family equivalents is determined to be higher than 299 or the Company obtains rate relief  
12   after June 30, 2013. As the Commission is aware, NGU is the only party of record in this  
13   matter other than the Company and ORS.

14   **Q.     WILL THE TERMS OF THE AGREEMENT WITH RESPECT TO NGU BE**  
15   **DETRIMENTAL TO OTHER CUSTOMERS IF THE SETTLEMENT IS**  
16   **APPROVED?**

17   A.           No, they will not. The Settlement Agreement does not entitle the Company to  
18   exclude from revenue for ratemaking purposes any differential between the charges that  
19   NGU pays based on 299 single family equivalents and charges that it might have  
20   otherwise been required to pay if the number of single family equivalents increased  
21   during the specified period. In other words, during the one year period in which NGU's  
22   single family equivalents are frozen at 299, any revenue which the Company foregoes as

1 a result of NGU having a higher actual number of single family equivalents may be  
2 imputed to UUC for ratemaking purposes. Thus, there is no disadvantage to any other  
3 customer of the Company. This term and condition is expressly mentioned in section 8  
4 of the Settlement Agreement.

5 **Q. DOES THE SETTLEMENT PERMIT UUC TO INCLUDE IN RATE BASE**  
6 **ADDITIONAL RATE CASE EXPENSES ASSOCIATED WITH THIS CASE**  
7 **BEYOND THOSE TESTIFIED TO BY ORS AT THE FIRST HEARING IN THIS**  
8 **MATTER?**

9 A. No. The Settlement Agreement only permits to UUC to amortize over a five year  
10 period the \$123,033 originally determined by ORS in this case. Any further rate case  
11 expenses incurred by UUC, including those associated with its petition for rehearing,  
12 appeal, and this remand proceeding, may be carried on the Company's books and  
13 amortized over a five year period, but cannot be included in rate base in this or any future  
14 proceeding.

15 **Q. DOES THE SETTLEMENT AGREEMENT CONTEMPLATE ANY**  
16 **MODIFICATIONS TO THE COMPANY'S RATE SCHEDULE?**

17 A. Yes. The Settlement Agreement provides that the modifications to the rate  
18 schedule outlined in ORS's previously submitted proposed order in this matter be  
19 adopted. These modifications reflect requested revisions submitted with the Company's  
20 application and changes proposed by ORS. These modifications would include (1) a  
21 revision to reflect the enactment of South Carolina Code Section 27-33-50 regarding  
22 billing tenants in a multiple dwelling building with a single sewer connection but more

1 than four residential units; (2) addition of language requiring water customers with cross-  
2 connections to have annual inspections of back-flow prevention devices conducted by a  
3 qualified inspector pursuant to South Carolina Department of Health and Environmental  
4 Control Regulation 61-58.7.F(8) and allowing the utility to disconnect with thirty days  
5 notice where such an inspection is not performed as long as the Company has provided a  
6 thirty day advance notice to the customer of the inspection due date, a link to the  
7 Department of Health and Environmental Control website pertaining to cross-connection  
8 inspections, and the Company's telephone contact information; (3) inclusion of language  
9 reflection the adoption of South Carolina Department of Health and Environmental  
10 Control Regulation 61-67, Appendix A, for purposes of establishing single family  
11 equivalency ratings as they pertain to the calculation of charges; (4) addition of language  
12 defining the terms and conditions for the extension of facilities or services which is  
13 consistent with language in rate schedules approved by the Commission for other water  
14 and sewer utilities and Commission regulations; and (5) the addition of language  
15 permitting optional electronic billing to and payment by customers, subject to the  
16 requirement that customers receive monthly notice via electronic mail that a bill is  
17 available on-line within 24 hours of its issuance and the web address where the bill may  
18 be accessed.

19 **Q. ARE THERE ANY OTHER SETTLEMENT TERMS BEYOND THOSE**  
20 **PERTAINING TO THE REVENUES AND RATE SCHEDULE PROVISIONS?**

21 A. Yes, there are two other terms which UUC has agreed with ORS to include.  
22



1 **Q. WOULD YOU PLEASE DESCRIBE THEM?**

2 A. Yes. The Company has agreed to provide a report to the Commission and ORS  
3 regarding the presence of iron sediment in the Trollingwood water system and, if  
4 appropriate, conduct additional water line flushing in that system. The Company has also  
5 agreed to conduct vacancy surveys, not entirely reliant upon an analysis of data in our  
6 Customer Care and Billing system, on at least an annual basis beginning the first  
7 anniversary of a Commission order approving the settlement and to report the results to  
8 the Commission and ORS.

9 **Q. WHAT FINANCIAL INFORMATION IS BEING SUBMITTED TO SUPPORT**  
10 **THE SETTLEMENT?**

11 A. As required by Commission Order Number 2012-158, the Company is providing  
12 financial information adjusted for the settlement which includes “as adjusted” and “after  
13 increase” amounts for operating revenue, operating expenses, net income for return, rate  
14 base, interest expense, return on equity calculation, return on rate base calculation, and  
15 operating margin calculation, all of which are reflected in SML-Settlement Exhibit  
16 Number 3 attached to my testimony.

17 **Q. IF THE SETTLEMENT IS APPROVED, WILL THE COMPANY BE REQUIRED**  
18 **TO MAKE ANY REFUND TO CUSTOMERS?**

19 A. Yes. The Company has been collecting rates under bond based upon an annual  
20 additional revenue amount of \$155,713 since January 12, 2012, as permitted by  
21 Commission Order Number 2010-543. Because the agreed upon annual revenue figure  
22 provided in the settlement is \$150, 263, there will be a refund to customers of the

1 difference plus interest at 12% as provided for under Section 58-5-240(D). The  
2 Company proposes that this refund be reflected as a bill credit to customers in the next  
3 billing cycle after the issuance of an order by the Commission approving the settlement.

4 **Q. DOES THE COMPANY SEEK APPROVAL OF THE SETTLEMENT**  
5 **AGREEMENT?**

6 A. It does. The Company asks that the Commission approve the Settlement  
7 Agreement as a fair, reasonable and full resolution to all issues in this proceeding. As  
8 noted therein, the parties have stipulated that the agreement serves the public interest as  
9 defined in section 58-4-10(B). Further, all parties will benefit from the elimination of  
10 doubt associated with further litigation and customers will directly benefit from the  
11 Company's agreement to refrain from seeking rate relief until after June 1, 2013.

12 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

13 A. Yes, it does.

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-479-W/S  
January 12, 2012

IN RE:

Application of United Utility Companies,  
Inc., for adjustment of rates and charges  
and modifications to certain terms and  
conditions for the provision of water and  
sewer service

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is submitted for Commission approval by United Utility Companies, Inc. ("UUC or the Company"), North Greenville University, ("NGU") and the Office of Regulatory Staff ("ORS") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, the above-captioned proceeding was initiated by the filing of an Application of the Company for an increase in its rates and charges for water and sewer service; and

WHEREAS, in its Order Nos. 2010-375 and 2011-75 the Public Service Commission of South Carolina (the "Commission") denied the Company's request for a rate increase and UUC appealed the Commission's orders to the Supreme Court; and

WHEREAS, the Parties, who are the only parties of record in the above-captioned docket have varying legal positions regarding the issues in this case; and

WHEREAS, UUC, NGU and ORS have reached an agreement to settle the matter on appeal and as such seek Commission review and approval of this Agreement.

*ms  
JMA*

NOW, THEREFORE, the Parties hereby jointly propose the following terms of settlement which, if adopted by Commission Order, will address all issues arising from the above-captioned docket currently on appeal:

1. **Moratorium.** UUC agrees that it will not file an application for rate relief with the Commission for a rate increase in its water or sewer rates until after January 1, 2013 and acknowledges that any such application may only be made to the Commission.

2. **Revenue requirement.** UUC, NGU, and ORS agree that the combined revenue increase for water and sewer is \$150,263. The revenue increase for water is \$30,043 and \$120,220 for sewer. The rates permitting UUC to earn an additional \$150,263 annually are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

3. **Provisions affecting NGU.** (i) UUC shall bill NGU based on 299 SFEs, equivalent to the sum of \$15,997.00 per month effective December 1, 2011 with the understanding that this monthly amount will not be increased further until after June 30, 2013, and NGU accepts the amount of 299 SFEs and to pay the sewer charge on that basis with the understanding that the 299 SFEs will not be increased until after December 31, 2012; (ii) all past claims, issues, disputes, or matters which could be claimed or disputed by or among UUC and NGU regarding this matter are null and void and dismissed with prejudice; (iii) neither NGU nor UUC, their successors, assigns or subsidiaries will seek any retroactive charges, actions, or claims against each other arising out of their relationship with each other which now exist or may occur between the date of this settlement and January 1, 2013; and (iv) UUC and NGU expressly waive all claims which exist or may exist or be incurred prior to January 1, 2013, against the

*Handwritten signatures:*  
JWSA  
NSR

other party to this agreement, its successors, subsidiaries or assigns, and this restriction shall apply to any and all claims, charges, actions which could be asserted through January 1, 2013.

4. **Rate case expenses.** No additional rate case expenses shall apply to rate base. The Company may amortize over five years the rate case expenses of \$123,033 recommended by ORS at hearing. Any additional rate case expenses may be carried on UUC's books and amortized over a five year period, but in no event shall such additional rate case expenses be included in rate base as a part of this proceeding or any future proceeding.

5. **Tariff Modifications.** The tariff modifications as set forth in ORS's proposed order, other than the monthly service rates, shall apply and are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

6. **Reporting.** A report regarding the iron sediment in Trollingwood shall be provided to the Commission and ORS; if appropriate, the company shall conduct additional flushing.

7. **Vacancy surveys.** Vacancy surveys that are not entirely reliant on Customer Care & Billing ("CC&B") shall be conducted at least annually by UUC, beginning on the first anniversary of a Commission order approving this Agreement, and the results reported to ORS and the Commission.

8. Regarding Paragraph 3 above wherein UUC and NGU have agreed that NGU will be billed based on 299 SFE's, ORS is not prohibited in any future rate case, to impute or make recommendations that would effectively impute additional SFE's, based upon the results of ORS's audit and examination.

9. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The Settlement Agreement reached among the Parties serves the public interest as defined above.

10. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

11. If this Settlement Agreement is approved by the Commission, UUC agrees to dismiss with prejudice its appeal. If the Commission should decline to approve the Agreement in its entirety, then any Party desiring to do so may withdraw from the Agreement without penalty or obligation.

12. Except as otherwise expressly provided herein, the Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions

*Handwritten signature*  
me

held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings.

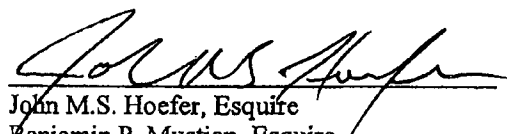
13. The Agreement shall be interpreted according to South Carolina law.

14. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES FOLLOW]

  
WZS

**Representing United Utility Companies, Inc.**



John M.S. Hoefer, Esquire

Benjamin P. Mustian, Esquire

**Willoughby & Hoefer, P.A.**

Post Office Box 8416

930 Richland Street

Columbia, SC 29202-8416

Phone: (803) 252-3300

Fax: (803) 256-8062

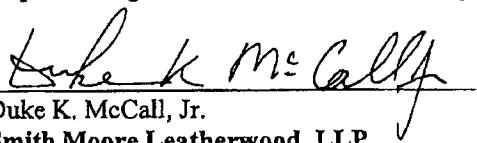
E-mail: [jhoefer@willoughbyhoefer.com](mailto:jhoefer@willoughbyhoefer.com)

[bmustian@willoughbyhoefer.com](mailto:bmustian@willoughbyhoefer.com)





**Representing North Greenville University**



Duke K. McCall, Jr.

**Smith Moore Leatherwood, LLP**

Post Office Box 87

Greenville, SC 29602

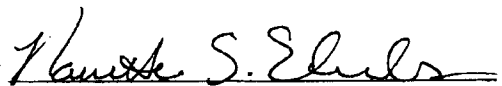
Phone: 864-242-6440

Fax: 864-240-2474

Email: [duke.mccall@smithmoorelaw.com](mailto:duke.mccall@smithmoorelaw.com)



**Representing the South Carolina Office of Regulatory Staff**



Nanette S. Edwards, Esquire

**South Carolina Office of Regulatory Staff**

Post Office Box 11263

1401 Main Street

Columbia, SC 29211

Phone: (803) 737-0575

Fax: (803) 737-0895

E-mail: [nsedwar@regstaff.sc.gov](mailto:nsedwar@regstaff.sc.gov)



WATER

1. Monthly Charges

Residential –

Monthly charge per single-family  
house, condominium, mobile home  
or apartment unit:

Basic Facilities Charge	\$15.18 per unit
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial

Basic Facilities Charge	\$15.18 per SFE
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-Recurring Charges

A) Water service connection charge per single-family equivalent*	\$100.00
B) Plant Impact fee per single-family equivalent*	\$400.00

70318  
nr2

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge - for new customers only. \$25.00
- b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Cross Connection Inspection

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. If a customer fails to comply with the requirement to perform annual inspections, the utility may, after 30 days' written notice, disconnect water service. The Utility shall provide affected customers with an advanced annual notification of such certification requirement.

7. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.2 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

SEWER

1. Monthly Charges

Residential -

Monthly charge per single-family  
house, condominium, villa,  
or apartment unit: \$53.50 per unit

Mobile Homes - monthly charge \$39.46 per unit

Commercial - monthly charge  
per single-family equivalent\* \$53.50

Charge for Sewage Collection Service Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential - monthly charge per  
single-family house, condominium,  
mobile home, or apartment unit \$27.35 per unit

Commercial - monthly charge per  
single-family equivalent\* \$27.35

The Utility will also charge for treatment services provided by the government body or agency or other entity. The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rate basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted

*Quesada*  
*ms*

service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-recurring Charges

- |  |          |
|--|----------|
| A) Sewer service connection charge per single-family equivalent* | \$100.00 |
| B) Plant Impact fee per single-family equivalent*                | \$400.00 |

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of six dollars (\$6.00) shall be charged each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

- b. Customer Account Charge: A fee of twenty-five dollars (\$25.00) shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnection service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Docket No. 2009-479-WS, Order No. 2012-\_\_\_\_  
Date: January\_\_\_\_, 2012

Exhibit 1  
UNITED UTILITY COMPANIES, INC.

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

*[Handwritten signature]*  
*[Handwritten initials]*



6. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-532.1 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

7. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the utility for all damages and costs, including reasonable attorney's fees, incurred by the utility as a result thereof.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its sewer system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the

*FWLH*  
*WHL*

serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

*[Handwritten signature]*  
*nr*

for Test Year ending December 31, 2008

Water and Sewer Revenue Overview for Test Year Ending December 31, 2008

Customer Classification	Service Units	Consumption in Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues
5/8" and 3/4" Residential Water	97	7,829,632	\$4.50	\$11.50	\$48,619
<b>Service Revenues - Water</b>	<b>97</b>	<b>7,829,632</b>			<b>\$48,619</b>
5/8" Sewer	633		\$0.00	\$48.24	\$366,431
5/8" Sewer	299		\$0.00	\$48.24	\$173,085
5/8" Sewer	0		\$0.00	\$48.24	\$0
5/8" Sewer Mobile Home	165		\$0.00	\$35.58	\$70,448
5/8" Sewer Mobile Home	10		\$0.00	\$24.66	\$2,959
Commercial Sewer	0		\$0.00	\$48.24	\$0
Sewer Collection	234		\$0.00	\$24.66	\$89,245
Sewer Collection	21		\$0.00	\$24.66	\$6,214
Sewer Collection	345		\$0.00	\$24.66	\$102,092
<b>Service Revenues - Sewer</b>	<b>1,707</b>				<b>\$790,474</b>
<b>Total Water and Sewer Service Revenues</b>					<b>\$839,093</b>
Miscellaneous Revenues					\$23,049
Miscellaneous Revenues - Other (2)					\$1,290
<b>Total Miscellaneous Revenues</b>					<b>\$24,339</b>
<b>Uncollectible Accounts</b>					<b>(\$6,728)</b>
<b>Total Operating Revenues - Pro Forma Present</b>					<b>\$854,704</b>

Water and Sewer Revenue Overview for Test Year Ending December 31, 2008 Using Proposed Settlement Rates

Customer Classification	Service Units	Consumption in Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues	Increase Amount from Present Rates	Increase %
Residential Water	97	7,829,632	\$7.79	\$15.18	\$78,662	\$30,043	62%
<b>Service Revenues - Water</b>	<b>97</b>	<b>7,829,632</b>			<b>\$78,662</b>	<b>\$30,043</b>	<b>62%</b>
Residential Sewer	633			\$53.50	\$406,386	\$39,955	11%
Residential Sewer	299			\$53.50	\$191,958	\$18,873	11%
Residential Sewer	53			\$53.50	\$34,026	\$34,026	N/A
Mobile Home Sewer	165			\$39.46	\$78,130	\$7,682	11%
Mobile Home Sewer	10			\$27.35	\$3,282	\$323	11%
Commercial Sewer	0			\$53.50	\$0	\$0	N/A
Sewer Collection	234			\$27.35	\$76,796	\$7,551	11%
Sewer Collection	21			\$27.35	\$6,892	\$678	11%
Sewer Collection	345			\$27.35	\$113,224	\$11,132	11%
<b>Service Revenues - Sewer</b>	<b>1,760</b>				<b>\$910,694</b>	<b>\$120,220</b>	<b>15%</b>
<b>Total Water and Sewer Service Revenues</b>					<b>\$989,356</b>	<b>\$150,263</b>	<b>18%</b>
Miscellaneous Revenues (1)					\$32,946	\$9,897	43%
Miscellaneous Revenues - Other (2)					\$1,290	\$0	0%
<b>Total Miscellaneous Revenues</b>					<b>\$34,236</b>	<b>\$9,897</b>	<b>41%</b>
<b>Uncollectible Accounts</b>					<b>(\$10,291)</b>	<b>(\$1,563)</b>	<b>18%</b>
<b>Total Operating Revenues - Pro Forma Proposed</b>					<b>\$1,013,301</b>	<b>\$158,597</b>	<b>19%</b>

- "Miscellaneous Revenues" are increased due to late payment charges from higher monthly charges and UUCI's proposed increase in its "Notification Fee." The interest amount or late payment charges for monthly charges will be greater due to the higher proposed rate.
- "Miscellaneous Revenues - Other" is added by ORS to account for UUCI's revenue received from a 3rd party vendor, Home Service, for the use of UUCI customer information to market a product to provide insurance for repairs that may be required on customer-owned piping. ORS allocated Miscellaneous Revenue Other based on ERCs.
- ORS revenue calculations for "Uncollectible Accounts" at proposed rates incorporated charges associated with higher proposed rates.

United Utility Company  
REVENUES

Description	Test Year				Proposed in our filing				Revenue Increase
	Usage Charge	BFC	Gallons	Units	Revenues	Usage Charge	BFC	Gallons	
Residential Water	\$ 4.50	\$ 11.50	7,829,632	1,164	\$ 48,619	\$ 7.79	\$ 15.18	7,829,632	\$ 78,662 \$ 30,043
Total			7,829,632	1,164	\$ 48,619			7,829,632	\$ 78,662 \$ 30,043

Description	Test Year				Test Year w/ Additional NGU SFE, Unbilled Cust. & 10.9% Increase				Revenue Increase
	Usage Charge	Rate	Gallons	Units	Revenues	Usage Charge	Rate	Gallons	
Sewer (Res. & Com.)	\$ -	\$ 48.24	-	11,184	\$ 539,516	\$ -	\$ 53.50	-	\$ 632,371 \$ 92,855
5/8" Sewer-Mobile Home	\$ -	\$ 35.58	-	1,980	70,448	-	\$ 39.46	-	78,130 7,682
Sewer Collection Charge	\$ -	\$ 24.66	-	7,320	180,511	-	\$ 27.35	-	200,194 19,683
Total			-	20,484	\$ 790,475			-	\$ 910,695 \$ 120,220

\$ 150,263

**United Utility Companies, Inc.**  
**Docket No. 2009-479-WS**  
**Operating Experience, Rate Base and Rates of Return**  
**For the Test Year Ended December 31, 2008**  
**Combined Operations**

SML - Settlement Exhibit 3

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Applicant's Proposed Increase \$	(5) After Applicant's Proposed Increase \$
<b><u>Operating Revenues:</u></b>					
Service Revenues - Water	47,368	1,251	48,619	30,043	78,662
Service Revenues - Sewer	757,005	33,469	790,474	120,220	910,694
Miscellaneous Revenues	23,049	1,290	24,339	9,897	34,236
Uncollectible Accounts	(9,017)	289	(8,728)	(1,563)	(10,291)
<b><u>Total Operating Revenues</u></b>	<b>818,405</b>	<b>36,299</b>	<b>854,704</b>	<b>158,597</b>	<b>1,013,301</b>
<b><u>Maintenance Expenses:</u></b>					
Salaries and Wages	169,510	(21,255)	148,255	0	148,255
Purchased Power	87,214	0	87,214	0	87,214
Purchased Sewer & Water	17,898	(14,524)	3,374	0	3,374
Maintenance and Repair	133,023	(3,255)	129,768	0	129,768
Maintenance and Testing	243,596	(207,249)	36,347	0	36,347
Chemicals	30,311	0	30,311	0	30,311
Transportation	12,878	5,294	18,172	0	18,172
Operating exp. Charged to Plant	(29,235)	(8,466)	(37,701)	0	(37,701)
Outside Services - Other	7,037	(2,339)	4,698	0	4,698
<b>Total</b>	<b>672,232</b>	<b>(251,794)</b>	<b>420,438</b>	<b>0</b>	<b>420,438</b>
<b><u>General Expenses:</u></b>					
Salaries and Wages	38,283	(11,286)	26,997	0	26,997
Office Supplies & Other Office Exp.	17,971	(318)	17,653	0	17,653
Regulatory Commission Exp.	31,891	(7,283)	24,608	0	24,608
Pension & Other Benefits	23,645	9,953	33,598	0	33,598
Insurance	10,490	0	10,490	0	10,490
Office Utilities	11,687	0	11,687	0	11,687
Miscellaneous	11,794	(50)	11,744	0	11,744
<b>Total</b>	<b>145,761</b>	<b>(8,984)</b>	<b>136,777</b>	<b>0</b>	<b>136,777</b>
Depreciation	104,299	5,165	109,464	0	109,464
Taxes Other Than Income	122,312	(6,554)	115,758	1,521	117,279
Deferred Income Taxes - State & Fed	14,212	0	14,212	0	14,212
Income Taxes - State & Fed	(92,931)	97,847	4,916	60,082	64,998
Amortization of CIAC	(44,562)	(18)	(44,580)	0	(44,580)
<b>Total</b>	<b>103,330</b>	<b>96,440</b>	<b>199,770</b>	<b>61,603</b>	<b>261,373</b>
<b><u>Total Operating Expenses</u></b>	<b>921,323</b>	<b>(164,338)</b>	<b>756,985</b>	<b>61,603</b>	<b>818,588</b>
<b><u>Total Operating Income</u></b>	<b>(102,918)</b>	<b>200,637</b>	<b>97,719</b>	<b>96,994</b>	<b>194,713</b>
Interest During Construction	(10,384)	10,384	0	0	0
Customer Growth	0	723	723	704	1,427
<b><u>Net Income for Return</u></b>	<b>(113,302)</b>	<b>211,744</b>	<b>98,442</b>	<b>97,698</b>	<b>196,140</b>
<b><u>Original Cost Rate Base:</u></b>					
Gross Plant in Service	6,031,383	127,698	6,159,081	0	6,159,081
Accumulated Depreciation	(471,912)	64,694	(407,218)	0	(407,218)
Net Plant in Service	5,559,471	192,392	5,751,863	0	5,751,863
Cash Working Capital	117,538	(47,886)	69,652	0	69,652
Contributions in Aid of Construction	(2,492,868)	18	(2,492,850)	0	(2,492,850)
Accumulated Deferred Income Taxes	(305,676)	0	(305,676)	0	(305,676)
Customer Deposits	(57,714)	0	(57,714)	0	(57,714)
<b><u>Total Rate Base</u></b>	<b>2,820,751</b>	<b>144,524</b>	<b>2,965,275</b>	<b>0</b>	<b>2,965,275</b>
<b><u>Return on Rate Base</u></b>	<b>-4.02%</b>		<b>3.32%</b>		<b>6.61%</b>
<b><u>Operating Margin</u></b>	<b>-20.54%</b>		<b>-0.65%</b>		<b>9.09%</b>
<b><u>Interest Expense</u></b>	<b>54,806</b>		<b>103,996</b>		<b>103,996</b>
<b><u>Return on Equity</u></b>	<b>-12.76%</b>		<b>-0.40%</b>		<b>6.64%</b>